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SUBJECT: Joint Weeka No. 33

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SUMMARY

The political situation in Guatemala remained unsettled this week despite further progress by Lieutenant Colonel Carlos CASTILLO Armas, President of the Junta, in his program to bring the regular army under his control. He almost completed carrying out a plan of incorporating soldiers and officers of his "Liberation Army" in the regular forces and relocating military units in such a way as to reduce materially the possibility of further revolt. However, this advance in the military problem was offset by some deterioration in Castillo Armas' political position, as politicians and the public alike, while still holding him personally in high regard, became more exasperated at what they viewed as his weak and fumbling government. Most of the principal Communist leaders had still not been accounted for, and the press began to join the public in criticizing the government's program to eradicate Communism as ineffective. Unemployment, estimated by most observers as several thousand higher than in the last month of the Arbenz regime, made for discontent in the poorer classes and there were signs that some businessmen and farmers who had been willing to give the new government a chance were becoming impatient as the depression continued nearly two months after Arbenz' overthrow. The anti-Communist labor leaders, following an interview with Castillo Armas, felt that his attitude was unfavorable to union organization and they reported that there was a growing feeling of fear among workingmen that the government no longer protected their rights. In the government itself, there was continued disorganization and factionalism. In short, it became more apparent during the week that the end of the honeymoon between Castillo Armas and the often shrewish Guatemalan public was in sight and that he would have to get down quickly to hard and productive work if he is to hold its affection.

MILITARY

Junta Further Consolidates Military Position: In further moves in Castillo's program to reinforce his government against the possibility of further attempts by discontent regular army elements to unseat it, it was learned that the Army High Command is continuing to reassign officers loyal to Castillo Armas to key military positions throughout the country and to discharge suspect NCOs and soldiers, replacing them with Castillo Armas' Liberation troops. In addition, the government plans to organize a Reserve Force of about 20,000 known anti-Communist supporters who will undergo training during evenings and weekends, and

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also report on subversive activities in the rural areas. As an immediate safeguard, the government has already reinforced the 1st, 2nd, 5th Military Zones at Cobán, Zacapa and Quezaltenango respectively with artillery support and detached planes to the Bases at Puerto Barrios and San José. These moves appear to be designed to offset the importance of the troops in the Capital, and thus to reduce the temptation of their officers to move against the government.

Military Tribunals to Try Those Accused of Fomenting Rebellion of August 2-3: Meanwhile, two Military Tribunals have been designated to try those officers, cadets and soldiers accused of instigating the uprising of August 2-3 against the Government. One Tribunal will hear the cases of the officers while the other will try the cadets and soldiers. All accused will have the right to name their defense counsels. Thus far the names of the following officers to be tried have been released: Colonel Gabriel SANDOVAL, Major Manuel SOSA Avila, Lt. Colonel Antonio TOBIAS, Major Daniel CACERES, Captain Carlos MARSON Bonilla, and Captain Manuel Angel PONCE, all of whom are imprisoned in the Cuartel General. No information has been released concerning the names of the cadets or soldiers involved. Meanwhile, the Escuela Politécnica (Military Academy) has resumed its normal activities with the exception of military subjects.

Feeling within the Army is divided on the subject of the cadets' complicity in the uprising. [illegible] One faction would like to see the majority of the cadets punished and dismissed with consequent closing of the Military Academy until it can be completely reorganized. The other element feels that only some twelve ringleaders should be tried and a strong reprimand given the remainder. The outcome of the trials is expected to resolve this issue.

500 Liberation Troops Released: With the discharge of some 500 Liberation soldiers and the unpublished absorption of others into the ranks of the National Army, the process of demobilizing the Liberation Forces was quietly and effectively being carried out during the week. Those discharged have been reporting to the Capital in groups of 50 or more to receive certificates of appreciation and money to assist them in re-establishing themselves in civilian life. The elimination of the "Liberation Army" should remove a serious source of resentment in the National Army and contribute to the effective reorganization of that body.

DOMESTIC

Progress in Eradication of Communism Remains Slight: More energy appears to have been spent this week on the government's program to eradicate Communism, but little progress was made for the increasingly evident reason that the police authorities have not concentrated on rounding up the key leaders but adopted a haphazard policy of picking up whoever is denounced. The week's most prominent arrest was Mario

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MONTEFORTE Toledo, inactive member of the leftist, defunct FPL and President of Congress in 1950-1, but there was still no trace of Victor Manuel GUTIERREZ and the five other members of the Political Committee of the Communist party, PGT, who were here at the time of Arbenz' fall but vanished. The police announced tothe press that it had captured the clandestine mimeograph machine which had run off the July 15 manifesto of the PGT's Political Committee which was circulated on the streets (Weeka 33) but no significant arrests accompanied it. In addition to the regular police, a special "Intelligence Service of the Army of Liberation" established itself in various parts of the country and made arrests of its own, notably of persons implicated in the massacres of Puerto Barrios, but again there were no significant Communist leaders among them. Meanwhile, the special panel headed by the Undersecretary of the Interior, Gabriel MARTINEZ del Rosal, which is screening the thousands of peasants arrested six weeks ago, released several hundred more.

Public criticism of the government for its lack of results continued, and one high police official went so far as to beg the Embassy for the name and location of a Communist who could be arrested to quiet the clamor. The new newspaper El Universal on August 17 headed its editorial "The Anti-Communist Campaign is Ineffective," thus adding its voice to that of Clemente MARROQUIN Rojas who last week in his La Hora attacked Minister of the Interior Jorge Adán SERRANO for fumbling. El Universal suggested that the authorities had been wasting their time on mass and indiscriminate arrests and should have a directed campaign.

Military Tribunals to Try Criminals of Arbenz Regime: In a further move to clear the way for punishing those who committed crimes under the Arbenz regime, the Junta issued a new decree (No. 51) providing that persons accused of crimes during the "criminal activity that preceeded the fall of the Arbenz regime," should be tried by military rather than civil courts. Indictments in some 300 cases of this type have been prepared by the Attorney General but the principal figures, such as Colonel Rogelio CRUZ Wer, are either out of the country or in asylum in foreign embassies.

Friction Among Anti-Communists: A good part of the sluggishness of the anti-Communist campaign appears to be traceable to the increasingly evident factionalism within the government and the consequent tendency for the new officials to focus more on their personal and political jealousies and their distrusts of one another than on the task at hand.

The suspicion with which the anti-Communists of Castillo Armas' "Liberation" movement viewed Colonel Elfego Monzón, the second figure of the Junta, appears to have abated somewhat as a result of his demonstrated loyalty during the August 2-3 rebellion and spreading though untested feeling that his prestige with the regular army has slipped and he is therefore less of a potential danger to Castillo Armas. However, as the suspicion of Monzón reduced, there has been a proportionate increase in factionalism and distrust within the anti- Communist movement, which had been drawn together from such diverse and

historically opposed elements as clerical-conservatives, liberal-conservatives, liberals of the Ubico dictatorial stripe, progressive liberals, ex-Army officers, etc.

There has yet been no time for these varied anti-Communist elements to sort themselves out into clearly defined and organized groups, but a pattern of informal factions is beginning to emerge. The most powerful of these currently is a Conservative faction, led largely by Martín PRADO Vélez, Minister of Communications and probably Castillo Armas' closest friend in the Cabinet. This faction has strong clerical overtones and is supported by many of the young students of the Comité de Estudiantes Universitarios Anticomunistas (CEUA). Its immediate objective appears to be insofar as possible the total destruction of the professional army which it distrusts both because of its role under Arbenz and its traditional anti-clericalism, and its replacement by the "Liberation Army." A second faction, much divided among itself, is composed of older anti-Communists, particularly those associated with the Partido Unificación Anticomunista (PUA), who share the desire to reduce the professional army but are less clerical in outlook and deeply resentful of the younger student conservatives whom they regard as extremists and inexperienced. A third faction within the government is the Army itself, which naturally considers its interests threatened by the other factions. Meanwhile, a fourth faction, the remnants of the Liberal Party, stand largely apart from the present government, regarding it as incompetent and waiting for the play of forces which they believe will inevitably cause the restoration of the alliance between the Liberals and the Army which gave Guatemala a "strong" government for most of the period 1871-1944. They count on the "Conservatives" proving to be unable to govern, pointing out that no Conservative government has lasted more than a few months in over eighty years, and expect the professional officers who fought with Castillo Armas' "Liberation Army" to revert to the traditional, pro-Liberal, anti-clerical military viewpoint after they are reincorporated in the regular army.

The friction between these factions has for some weeks taken the form of denunciations and petty intrigues with the government but the struggle between them now appears to be becoming sharper. This week the CEUA publicly accused the PUA of forcing persons to join it by threatening to accuse them of being Communists if they refuse and of removing local officials who belong to the CEUA. The PUA, for its part, publicly all but defied the government to enforce last week's decree banning political party activity by issuing a manifesto stating that it was a civic organization cooperating in the anti-Communist struggle and that the decree did not apply to it.

FOREIGN AFFAIRS

Problem of Asylum Still Unsolved: The problem of what to do with the approximately 770 persons who have now been in asylum in Latin American missions here for eight weeks remained unsolved and the Chiefs of Missions involved, their patience running out, met on August 23, resolved to give the government only the rest of this week to straighten

the matter out, and talked of hailing Guatemala before the Organization of American States (OAS) for violation of the conventions on asylum. The feeling of Latin American diplomats, even those most sympathetic to the new regime, was that the government had had ample time at least to get matters started by granting safeconducts to woman, children and "unimportant" people.

The government meanwhile complicated the situation by publicly reversing its position. After last week's announcement that it was granting 85 safeconducts (Weeka 33) it released lists authorizing 577 more, including one for the Communist leader Carlos Manuel PELLECER, to be granted this week. However, these actions brought protests and none of the promised safeconducts were granted, except ten to the Chilean Embassy and four to the Honduran Embassy. The Ministry announced that it had issued the lists only to give the public a chance to denounce those they knew to be involved in crimes, and explanation that was unconvincing in view of the fact that it had already published complete lists for this purpose.

Appointment of Norman Armour as U.S. Ambassador Leaks to Press: On August 19, El Imparcial gave a banner headline to the appointment of Mr. Norman Armour as U.S. Ambassador to Guatemala, a story it obtained from the Foreign Ministry before the Guatemalan Government granted its agrément. This followed the publication of news despatches from Washington reporting the transfer of Ambassador Peurifoy to Thailand, a move which correspondents here reported had aroused great distress among the public as well as government officials.

LABOR

Hopes for Effective Anti-Communist Labor Movement Dim: During the week, the gap between Castillo Armas' government and labor widened, as labor leaders trying to organize an anti-Communist labor movement became increasingly convinced that the government was opposed to organized labor and unanimously described the attitudes of urban and rural workers as being those of panic, bitterness and disillusionment while employers reportedly continued to take reprisals largely unchecked by the authorities.

The anti-Communist labor leaders were particularly despondent after an interview between the executive board of the Comité Nacional de Reorganización Sindical (CNRS) headed by Rubén VILLAGRÁN, and Castillo Armas in which the latter reportedly flatly rejected requests for guarantees against unjust dismissals and arrests of workers and the use of frozen union funds. Castillo Armas, according to reliable information, kept the group standing and told them that not only Communists but also workers causing "trouble" for their employers or for the government would not be tolerated. He said it was necessary to fire and jail many workers, public and private, and some injustices might occur which would have to be corrected later. He said the government reserved the right to dismiss its workers at any time and indicated he preferred that the organization of government workers be deferred.

This interview was accompanied by several other developments discouraging to labor. On August 13, government did issue the promised bulletin to clarify last week's decree dissolving the railroad union SAMF, the United Fruit Company unions, and the teachers union STEG (Weeka No. 33) but neither this bulletin nor a further one issued on August 17 was strong enough to reassure the labor leaders. According to José GARCIA Bauer, the leader of the "Social Christian" FAS who is also discouraged with the situation, police arrested ten members of the former right win union in the Bank of London while they were attempting to reorganize. The press reported that a petition with 3,000 signatures had gone to the government asking that labor unions be prohibited.

Meanwhile, labor's rank and file were alarmed at the growing unemployment and the continuing arbitrary dismissals of workers in the city and country. Estimates of unemployment now range from 5,000 to 15,000 and is privately admitted by the authorities to be higher than during the Arbenz administration. Mass discharges from government offices have reached down to porters and scrubwomen, and only by the intervention by García Bauer, was a "hunger march" by several hundred ex-government employees on the National Palace averted. The judge of the Third Labor Court told an Embassy officer he had authorized the IRCA railroad to discharge a total of 180 workers. (He incidentally immediately reported the Embassy officer's inquiry to the railroad management). In rural areas, according to numerous reports, plantation owners and managers continued to discharge workers and drive campesinos off of land taken during the Agrarian Reform cases. It was impossible to fix the number and justice of such cases but they were apparently serious enough to cause the Directorate General of Agrarian Affairs (DGAA), which has replaced the National Agrarian Department, to issue a further bulletin warning that "such actions must stop immediately" and threatening to take action if they didn't.

ECONOMIC

Government in Position to Pay Current Expenses: The government, which has borrowed $2 million from the Bank of Guatemala since coming into power, this week issued a decree authorizing the Minister of Finance to issue treasury notes and borrow up to 15 percent against anticipated revenues, as against 10 percent previously allowed. The government will now be able to borrow an additional $3.5 million and to sell $4 million in highway bonds to the bank, thus making $12.5 million available to meet its current obligations; this should be ample for that purpose, but the government will still need outside money if it is to undertake a development program.

FOR THE AMBASSADOR:

William L. Krieg
Counselor of Embassy

Contributor: Col. A. E. McCormick

cc: C. A. Missions and routine.

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